

FISCAL NOTE

HB 321 - SB 859

March 6, 1997

SUMMARY OF BILL: Allows any hourly waged, non-instructional local education employee to apply for unemployment compensation for the established and customary vacation period lasting not more than three and not less than two months.

ESTIMATED FISCAL IMPACT:

Increase Local Government Expenditures* - Exceeds \$10,000,000

**Other Fiscal Impact - Increase Expenditures - \$62,000,000 - Recurring/
Unemployment Compensation Trust Fund
Increase Revenues - \$10,000,000/Unemployment
Compensation Trust Fund**

Assumes 37,000 nonprofessional employees would be eligible to receive benefits.

Assumes 100% of local government entities would elect to become rate paying employers as opposed to reimbursing employers. The unemployment tax rate for governmental employers is capped at 1.5%.

Assumes an increase in premiums paid by local school systems.

The Department of Employment Security has stated some provisions of this bill would be out of conformity with federal statute and could jeopardize the 5.4% FUTA tax credit received by Tennessee employers.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director